



JOYCE HAMPERS
COMMISSIONER

The Commonwealth of Massachusetts

Department of Revenue

Leverett Saltonstall Building,

100 Cambridge Street, Boston 02204

July 22, 1982

You inquire whether sales of the ("Heating System") are subject to the Massachusetts sales tax. The Heating System is a ground- or water-source heat pump system designed to meet residential space heating and hot water needs. It comprises a heat pump, the major components of which are a compressor, a condenser and an evaporator, circulation pumps, a hot water tank, a control unit, and piping filled with antifreeze.

The piping is either buried in the ground or sunk in a body of water. As the antifreeze passes through the piping, it absorbs heat from the ground or water. The antifreeze is circulated through the heat pump, which concentrates the heat and transfers it to water. The water is then pumped to the residence's space heat distribution system and into a tank that supplies household hot water needs.

Massachusetts General Laws Chapter 64H, Section 6(dd) exempts from sales and use tax

"Sales of equipment directly relating to any ...heat pump system, which is being utilized as a primary or auxiliary power system for the purpose of heating or otherwise supplying the energy needs of an individual's principal residence in the commonwealth."

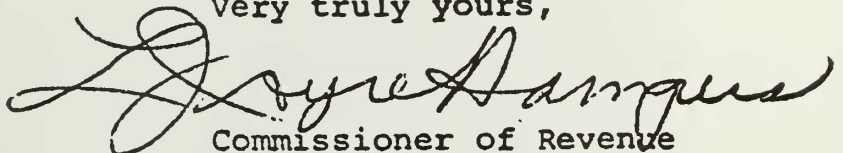
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Based on the foregoing, it is ruled that sales of the Heating System are exempt from the Massachusetts sales tax if purchased for use in an individual's principal residence in Massachusetts.

Form ST-12A (Exempt Use Certificate For Alternate Energy Equipment Only) must be completed with respect to each exempt purchase of the Heating System.

Heat pump systems, including the system about which you inquire, do not qualify for the Massachusetts income tax credit for renewable energy source expenditures (see Division (4)(a) of Income Tax Regulation 830 CMR 62.50 ("Residential Energy Credit")).

Very truly yours,

A handwritten signature in dark ink, appearing to read "Joyce A. Angus", is written over the typed name of the Commissioner of Revenue.

Commissioner of Revenue

LJH:JXD:mf

LR 82-76